



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-9000

GOVERNMENT NATIONAL
MORTGAGE ASSOCIATION

December 18, 2003

03-25

MEMORANDUM FOR: All Participants in Ginnie Mae Programs

FROM: George S. Anderson, Executive Vice President

SUBJECT: Release of Updates to Ginnie Mae Mortgage-Backed Securities Guide 5500.3,
Rev. 1, for Adjustable Rate and Buydown Loan Products

Ginnie Mae is pleased to announce updates to the following chapters in the Ginnie Mae Mortgage-Backed Securities Guide ("Guide"), 5500.3, Rev.1.

Chapter	Title
Chapter 1	General Features of the Program
Chapter 3	Eligibility Requirements - Maintaining Ginnie Mae Issuer Status
Chapter 9	Eligible Mortgages, Pools and Loan Packages
Chapter 24	Single Family, Level Payment Pools and Loan Packages - Special Requirements
Chapter 25	Buydown Mortgage Pools - Special Requirements
Chapter 26	Adjustable Rate Mortgage Pools and Loan Packages - Special Requirements
Chapter 27	Graduated Payment Mortgage Pools & Loan Packages - Special Requirements
Chapter 28	Growing Equity Mortgage Pools & Loan Packages - Special Requirements

In addition, all applicable forms and the Glossary have been updated. The Guide is available online at the Ginnie Mae website, www.ginniemae.gov.

Chapters 1, 3, and 9 reflect minor changes concerning adjustable rate and buydown mortgage terminology.

Chapters 24 and 25 both include changes to the buydown loan requirements included in All Participants Memorandum ("APM") 03-17, dated August 28, 2003. Highlights of the buydown changes include a new pool designation, "C BD", to accommodate buydown loans in Ginnie Mae II Custom pools. Effective with issuances on or after October 1, 2003, buydown loans are no longer allowed to constitute more than ten percent (10%) of a Ginnie Mae II Custom SF ("C SF") pool. If

a Ginnie Mae II C SF pool does contain greater than 10% buydown loans, GinnieNET edits will alert an issuer to the disparity. An issuer may then choose to either remove buydown loans to conform to the 10% limit, or agree to switch the pool designation from C SF to C BD.

Chapter 26 updates include pooling requirements for the new hybrid Adjustable Rate Mortgage (“ARM”) products. These changes were announced in APM 03-16, dated August 22, 2003. Similarly, and effective with issuances on or after October 1, 2003, issuers may pool loans backed by the Federal Housing Administration’s (“FHA”) 3-, 5-, 7-, and 10-Year hybrid ARMs, as well as the 3-Year and 5-Year ARM products guaranteed by the Department of Veterans Affairs. Ginnie Mae will continue to allow issuers to issue securities backed by FHA’s existing 1-Year ARM product. In order to provide terminology consistent with industry practice, Ginnie Mae will no longer use the term “adjustable payment mortgage”. Instead, the term “adjustable rate mortgage” will be now used to identify all ARM loans.

Finally, pursuant to recent revisions of the FHA Handbook, Ginnie Mae will no longer guarantee Graduated Payment Mortgage (“GPM”) or Growing Equity Mortgage (“GEM”) pools that contain any loans with buydown provisions. Consequently, Chapters 27 and 28 have both been revised to reflect these important changes.

Questions regarding this memorandum may be addressed to your Account Executive in the Office of Mortgage-Backed Securities at (202) 708-1535.